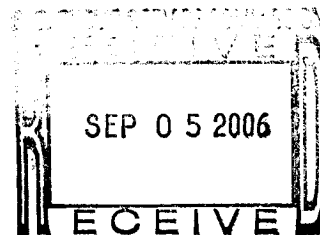




181688



August 31, 2006

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, South Carolina 29210

2006-270-E

Dear Mr. Terreni:

In compliance with the Public Service Commission's Order No. 18,100 in Docket No. 17,134 dated January 15, 1975; a request from the Executive Director dated September 30, 1987; Order Nos. 88-864 and 88-971 in Docket No. 88-11-E; and the officer verification certification enacted by the Commission on December 17, 2002, Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. submits the following information per its books and as adjusted for the 12-month period ending June 30, 2006:

1. Officer verification certificate
2. System Rate of Return on Rate Base - Exhibit A1
3. South Carolina Rate of Return on Rate Base - Exhibit A2
4. Return on Common Equity (Allocated to South Carolina Retail) - Exhibit B
5. Earnings Per Share on Progress Energy's Common Stock - \$2.42
6. Debt Coverage Ratio or Earnings to Fixed Charges - 4.39 times

The allocations and adjustments required to determine the information requested in the Commission's orders and request are in general accordance with the allocation methodology described by the Commission in our most recent general rate case (Docket No. 88-11-E, Order No. 88-864). The level of detail encompassed in this report is not sufficient for ratemaking purposes.

Attached is a copy of this report, which I request that you stamp and return to me. If you have any questions, please call me at 919-546-7091.

Sincerely,

Michele de Lyon
Manager - Regulatory Accounting
Progress Energy Service Company

21450

Enclosure

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Robert B. McGehee, and I, Peter M. Scott III, state and attest, under penalty of perjury, that the attached quarterly financial report is filed on behalf of Progress Energy Carolinas, Inc. as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

The information in this filing is subject to and should be read in conjunction with all filings made by Progress Energy, Inc. with the SEC that contain information related to Progress Energy, Inc.'s and/or Progress Energy Carolinas, Inc.'s 2006 financial results, copies of which can be obtained at <http://www.sec.gov/edgar>.

Robert B McGehee

Robert B. McGehee
Chairman and Chief Executive Officer
Progress Energy, Inc.

8/29/06

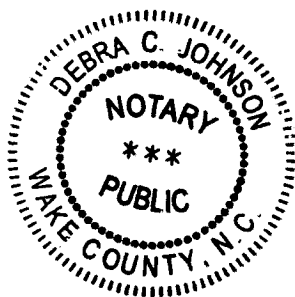
Date Signed

Peter M Scott III

Peter M. Scott III
Executive Vice President and Chief Financial Officer
Progress Energy, Inc.

8/29/06

Date Signed



Subscribed and Sworn to before me this 29th day of August, 2007.

Debra C. Johnson

Notary Public

My Commission Expires:

8/8/09

PROGRESS ENERGY CAROLINAS
SC QUARTERLY REPORT
PER BOOKS AND ADJUSTED COS STUDY
FOR THE TEST YEAR ENDED JUNE 30, 2006

SYSTEM TOTAL - ELECTRIC OPERATIONS			
DESCRIPTION	TOTAL PER BOOKS	ADJUSTMENTS	TOTAL WITH ADJUSTMENTS
(1)	(2)	(3)	(4)
	\$	\$	\$
NET OPERATING REVENUE	4,115,355,415	121,840,599	4,237,196,014
OPERATING EXPENSE:			
NET O&M EXPENSES	2,450,264,333	107,433,684	2,557,698,017
DEPRECIATION	563,561,012	23,108,526	586,669,538
TAXES (OTHER THAN INCOME)	180,030,782	1,237,638	181,268,420
INCOME TAX - STATE	49,265,674	(2,858,813)	46,406,861
INCOME TAX - FEDERAL	341,821,337	(13,715,869)	328,105,468
PROV. FOR DEFERRED TAXES	(110,881,242)	16,262,860	(94,618,382)
INVESTMENT TAX CREDIT	(7,404,152)	-	(7,404,152)
TOTAL OPERATING EXPENSE	3,466,657,744	131,468,026	3,598,125,770
INCOME FOR RETURN:			
OPERATING INCOME	648,697,671	(9,627,427)	639,070,244
CUSTOMER GROWTH	6,711,745	(99,610)	6,612,135
INTEREST ON CUST. DEPOSITS	(3,187,775)	-	(3,187,775)
HARRIS DEFERRAL AMORT.	-	-	-
TOTAL INCOME FOR RETURN	652,221,641	(9,727,037)	642,494,604
RATE BASE:			
PLANT IN SERVICE:			
ELECTRIC PLANT IN SERVICE	14,043,656,221	109,151,690	14,152,807,911
PLANT HELD FOR FUTURE USE	2,514,449	-	2,514,449
RESERVE FOR DEPRECIATION	(7,111,558,779)	129,332,049	(6,982,226,730)
NET PLANT IN SERVICE	6,934,611,891	238,483,739	7,173,095,630
NUCLEAR FUEL INVENTORY	184,219,488	-	184,219,488
DEFERRED TAXES - LIB. DEPR.	(551,689,931)	90,134,047	(461,555,884)
REGULATORY ASSETS	70,955,429	(34,880,663)	36,074,766
WORKING CAPITAL:			
MATERIALS & SUPPLIES	804,922,863	(251,397,408)	553,525,455
CASH WORKING CAPITAL	424,983,583	-	424,983,583
UNCLAIMED REFUNDS	(4,900)	-	(4,900)
PREPAYMENTS	4,802,611	-	4,802,611
TAX ACCRUALS	(98,641,528)	-	(98,641,528)
CUSTOMER DEPOSITS	(55,170,241)	-	(55,170,241)
OPERATING RESERVES	(551,491,704)	-	(551,491,704)
CUSTOMER ADVANCES FOR CONSTR.	(14,290,466)	-	(14,290,466)
UNAMORTIZED PROJECTS	-	-	-
TOTAL WORKING CAPITAL	515,110,218	(251,397,408)	263,712,810
TOTAL RATE BASE	7,153,207,095	42,339,715	7,195,546,810
RATE OF RETURN (%)	9.12		8.93

PROGRESS ENERGY CAROLINAS
SC QUARTERLY REPORT
PER BOOKS AND ADJUSTED COS STUDY
FOR THE TEST YEAR ENDED JUNE 30, 2006

EXHIBIT A2

S.C. RETAIL TOTAL - ELECTRIC OPERATIONS			
DESCRIPTION	TOTAL		TOTAL WITH
(1)	PER BOOKS	ADJUSTMENTS	ADJUSTMENTS
(1)	(2)	(3)	(4)
	\$	\$	\$
NET OPERATING REVENUE	548,220,907	2,043,024	550,263,931
OPERATING EXPENSE:			
NET O&M EXPENSES	374,949,384	2,730,104	377,679,488
DEPRECIATION	60,251,591	2,934,154	63,185,745
TAXES (OTHER THAN INCOME)	16,924,154	2,148,764	19,072,918
INCOME TAX - STATE	7,471,029	(1,364,654)	6,106,375
INCOME TAX - FEDERAL	33,695,763	(3,398,978)	30,296,785
PROV. FOR DEFERRED TAXES	(11,608,695)	327,401	(11,281,294)
INVESTMENT TAX CREDIT	(1,057,115)	-	(1,057,115)
TOTAL OPERATING EXPENSE	480,626,111	3,376,790	484,002,901
INCOME FOR RETURN:			
OPERATING INCOME	67,594,796	(1,333,766)	66,261,030
CUSTOMER GROWTH	134,780	(2,659)	132,121
INTEREST ON CUST. DEPOSITS	(299,316)	-	(299,316)
HARRIS DEFERRAL AMORT.	-	-	-
TOTAL INCOME FOR RETURN	67,430,260	(1,336,425)	66,093,835
RATE BASE:			
PLANT IN SERVICE:			
ELECTRIC PLANT IN SERVICE	2,028,906,756	15,721,212	2,044,627,968
PLANT HELD FOR FUTURE USE	362,158	-	362,158
RESERVE FOR DEPRECIATION	(1,023,137,096)	18,280,438	(1,004,856,658)
NET PLANT IN SERVICE	1,006,131,818	34,001,650	1,040,133,468
NUCLEAR FUEL INVENTORY	26,573,559	-	26,573,559
DEFERRED TAXES - LIB. DEPR.	(104,604,528)	11,722,179	(92,882,349)
REGULATORY ASSETS	14,324,683	(5,023,892)	9,300,791
WORKING CAPITAL:			
MATERIALS & SUPPLIES	110,239,551	(28,855,878)	81,383,673
CASH WORKING CAPITAL	66,089,774	-	66,089,774
UNCLAIMED REFUNDS	-	-	-
PREPAYMENTS	785,943	-	785,943
TAX ACCRUALS	(11,990,999)	-	(11,990,999)
CUSTOMER DEPOSITS	(9,340,867)	-	(9,340,867)
OPERATING RESERVES	(78,603,862)	-	(78,603,862)
CUSTOMER ADVANCES FOR CONSTR.	(1,902,756)	-	(1,902,756)
UNAMORTIZED PROJECTS	-	-	-
TOTAL WORKING CAPITAL	75,276,784	(28,855,878)	46,420,906
TOTAL RATE BASE	1,017,702,316	11,844,059	1,029,546,375
RATE OF RETURN (%)	6.63		6.42

PROGRESS ENERGY CAROLINAS
S.C. QUARTERLY REPORT
S.C. RETAIL - RETURN ON COMMON EQUITY
FOR THE TEST YEAR ENDED JUNE 30, 2006

"PER BOOKS"

DESCRIPTION	TOTAL COMPANY CAPITALIZATION		S.C. RETAIL RATE BASE	RATE EARNED	NET OPERATING INCOME
	AMOUNT \$	RATIO %			
(1)	(2)	(3)	(4)	(5)	(6)
LONG-TERM DEBT	3,646,172,133	52.87%	538,059,214	5.59%	30,077,510
PREFERRED STOCK	59,333,982	0.86%	8,752,240	6.83%	597,778
COMMON EQUITY	3,191,116,079	46.27%	470,890,862	7.81%	36,754,972
TOTAL CAPITALIZATION	6,896,622,194	100.00%	1,017,702,316		67,430,260

"ADJUSTED"

DESCRIPTION	TOTAL COMPANY CAPITALIZATION		S.C. RETAIL RATE BASE	RATE EARNED	NET OPERATING INCOME
	AMOUNT \$	RATIO %			
(1)	(2)	(3)	(4)	(5)	(6)
LONG-TERM DEBT	3,569,575,471	53.00%	545,659,579	5.59%	30,502,370
PREFERRED STOCK	59,333,982	0.88%	9,060,008	6.83%	618,799
COMMON EQUITY	3,105,650,549	46.12%	474,826,788	7.37%	34,972,666
TOTAL CAPITALIZATION	6,734,560,002	100.00%	1,029,546,375		66,093,835